

PERAC AUDIT REPORT



Reading Contributory Retirement System

JAN. 1, 2002 - DEC. 31, 2004 / PERAC II: 10-078-08



TABLE OF CONTENTS

Letter from the Executive Director	1
Statement Of Ledger Assets And Liabilities.....	2
Statement Of Changes In Fund Balances.....	3
Statement Of Income.....	4
Statement Of Disbursements	5
Investment Income	6
Statement Of Allocation Of Investments Owned.....	7
Supplementary Investment Regulations.....	8
<u>Notes to Financial Statements:</u>	
Note 1 - The System.....	9
Note 2 - Significant Accounting Policies.....	10
Note 3 - Supplementary Membership Regulations	12
Note 4 - Administration Of The System	14
Note 5 - Actuarial Valuation And Assumptions	15
Note 6 - Membership Exhibit.....	16

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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September 23, 2005

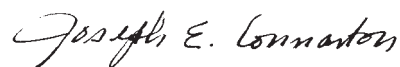
The Public Employee Retirement Administration Commission has completed an examination of the **Reading** Retirement System pursuant to G.L. c. 32, s. 21. The examination covered the period from January 1, 2002 to December 31, 2004. This audit was conducted in accordance with the accounting and management standards established by the Public Employee Retirement Administration Commission in regulation 840 CMR 25.00. Additionally, all supplementary regulations approved by PERAC and on file at PERAC are listed in this report.

In our opinion, the financial records and management functions are being performed in conformity with the standards established by the Public Employee Retirement Administration Commission. There are no significant audit findings to report.

We commend the **Reading** Retirement Board for the exemplary operation of the system.

In closing, I acknowledge the work of examiner James Ryan who conducted this examination and express appreciation to the Board of Retirement and staff for their courtesy and cooperation.

Sincerely,



Joseph E. Connarton
Executive Director



Reading Retirement System

STATEMENT OF LEDGER ASSETS AND LIABILITIES

**FOR THE THREE YEAR PERIOD BEGINNING JANUARY 1, 2002
AND ENDING DECEMBER 31, 2004**

	FOR THE PERIOD ENDING DECEMBER 31,		
ASSETS	2004	2003	2002
Cash	\$27,005	\$156,597	\$50,614
Short Term Investments	0	0	0
Fixed Income Securities (at book value)	0	0	0
Equities	0	0	0
PRIT Cash Fund	1,214,913	1,195,029	1,112,739
PRIT Core Fund	71,320,423	63,188,354	50,884,358
Interest Due and Accrued	0	0	0
Accounts Receivable	58,263	1,368	0
Accounts Payable	(108,223)	(93,904)	(79,622)
TOTAL	<u>\$72,512,381</u>	<u>\$64,447,444</u>	<u>\$51,968,089</u>
FUND BALANCES			
Annuity Savings Fund	\$16,135,476	\$15,368,330	\$14,966,572
Annuity Reserve Fund	5,703,136	5,580,410	5,028,555
Pension Fund	0	0	0
Military Service Fund	19,586	9,230	9,139
Expense Fund	0	0	0
Pension Reserve Fund	50,654,183	43,489,475	31,963,823
TOTAL	<u>\$72,512,381</u>	<u>\$64,447,445</u>	<u>\$51,968,089</u>

Reading Retirement System

STATEMENT OF CHANGES IN FUND BALANCES

**FOR THE THREE YEAR PERIOD BEGINNING JANUARY 1, 2002
AND ENDING DECEMBER 31, 2004**

	Annuity Savings Fund	Annuity Reserve Fund	Pension Fund	Military Service Fund	Expense Fund	Pension Reserve Fund	Total All Funds
Beginning Balance (2002)	\$14,352,687	\$4,803,167	\$804,832	\$9,013	\$0	\$37,802,454	\$57,772,153
Receipts	1,626,886	148,028	3,418,340	126	264,328	(5,643,886)	(186,178)
Interfund Transfers	(667,834)	667,834	194,743	0	0	(194,743)	0
Disbursements	<u>(345,168)</u>	<u>(590,474)</u>	<u>(4,417,916)</u>	<u>0</u>	<u>(264,328)</u>	<u>0</u>	<u>(5,617,886)</u>
Ending Balance (2002)	14,966,571	5,028,555	(1)	9,139	0	31,963,825	51,968,089
Receipts	1,620,836	157,935	3,494,579	91	289,242	12,678,705	18,241,388
Interfund Transfers	(1,018,718)	1,032,596	1,139,176	0	0	(1,153,054)	0
Disbursements	<u>(200,360)</u>	<u>(638,675)</u>	<u>(4,633,754)</u>	<u>0</u>	<u>(289,244)</u>	<u>0</u>	<u>(5,762,033)</u>
Ending Balance (2003)	15,368,329	5,580,411	0	9,230	(2)	43,489,476	64,447,444
Receipts	1,607,724	168,416	3,619,683	93	322,834	8,507,992	14,226,742
Interfund Transfers	(635,879)	637,115	1,331,784	10,263	0	(1,343,283)	0
Disbursements	<u>(204,700)</u>	<u>(682,805)</u>	<u>(4,951,467)</u>	<u>0</u>	<u>(322,834)</u>	<u>0</u>	<u>(6,161,806)</u>
Ending Balance (2004)	<u>\$16,135,474</u>	<u>\$5,703,137</u>	<u>\$0</u>	<u>\$19,586</u>	<u>(\$2)</u>	<u>\$50,654,185</u>	<u>\$72,512,380</u>

Reading Retirement System

STATEMENT OF INCOME

**FOR THE THREE YEAR PERIOD BEGINNING JANUARY 1, 2002
AND ENDING DECEMBER 31, 2004**

	FOR THE PERIOD ENDING DECEMBER 31,		
	2004	2003	2002
Annuity Savings Fund:			
Members Deductions	\$1,475,824	\$1,345,331	\$1,303,840
Transfers from other Systems	16,145	89,441	94,095
Member Make Up Payments and Redeposits	26,579	39,121	26,784
Member Payments from Rollovers	0	4,065	8,733
Investment Income Credited to Member Accounts	89,176	142,878	193,434
Sub Total	<u>1,607,724</u>	<u>1,620,836</u>	<u>1,626,886</u>
Annuity Reserve Fund:			
Investment Income Credited Annuity Reserve Fund	<u>168,416</u>	<u>157,935</u>	<u>148,028</u>
Pension Fund:			
3 (8) (c) Reimbursements from Other Systems	66,495	57,725	43,090
Received from Commonwealth for COLA and Survivor Benefits	147,463	307,054	324,050
Pension Fund Appropriation	<u>3,405,725</u>	<u>3,129,800</u>	<u>3,051,200</u>
Sub Total	<u>3,619,683</u>	<u>3,494,579</u>	<u>3,418,340</u>
Military Service Fund:			
Contribution Received from Municipality on Account of Military Service	0	0	0
Investment Income Credited Military Service Fund	<u>93</u>	<u>91</u>	<u>126</u>
Sub Total	<u>93</u>	<u>91</u>	<u>126</u>
Expense Fund:			
Expense Fund Appropriation			0
Investment Income Credited to Expense Fund	<u>322,834</u>	<u>289,242</u>	<u>264,328</u>
Sub Total	<u>322,834</u>	<u>289,242</u>	<u>264,328</u>
Pension Reserve Fund:			
Federal Grant Reimbursement	0	0	0
Pension Reserve Appropriation	0	0	0
Interest Not Refunded	765	1,460	4,388
Excess Investment Income	<u>8,507,227</u>	<u>12,677,245</u>	<u>(5,648,274)</u>
Sub Total	<u>8,507,992</u>	<u>12,678,705</u>	<u>(5,643,886)</u>
TOTAL RECEIPTS	<u>\$14,226,742</u>	<u>\$18,241,388</u>	<u>(\$186,178)</u>

Reading Retirement System

STATEMENT OF DISBURSEMENTS

**FOR THE THREE YEAR PERIOD BEGINNING JANUARY 1, 2002
AND ENDING DECEMBER 31, 2004**

FOR THE PERIOD ENDING DECEMBER 31,			
	2004	2003	2002
Annuity Savings Fund:			
Refunds to Members	\$127,741	\$60,633	\$172,583
Transfers to other Systems	<u>76,959</u>	<u>139,727</u>	<u>172,585</u>
Sub Total	<u>204,700</u>	<u>200,360</u>	<u>345,168</u>
Annuity Reserve Fund:			
Annuities Paid	678,286	636,595	590,474
Option B Refunds	<u>4,519</u>	<u>2,080</u>	<u>0</u>
Sub Total	<u>682,805</u>	<u>638,675</u>	<u>590,474</u>
Pension Fund:			
Pensions Paid			
Regular Pension Payments	3,171,158	2,972,840	2,847,111
Survivorship Payments	36,815	33,763	33,763
Ordinary Disability Payments	55,460	55,460	55,460
Accidental Disability Payments	773,620	731,798	728,389
Accidental Death Payments	29,803	17,393	9,556
Section 101 Benefits	67,657	62,625	56,723
3 (8) (c) Reimbursements to Other Systems	113,456	104,286	88,174
State Reimbursable COLA's Paid	697,641	649,732	592,883
Chapter 389 Beneficiary Increase Paid	<u>5,857</u>	<u>5,857</u>	<u>5,857</u>
Sub Total	<u>4,951,467</u>	<u>4,633,754</u>	<u>4,417,916</u>
Military Service Fund:			
Return to Municipality for Members Who Withdrew Their Funds	<u>0</u>	<u>0</u>	<u>0</u>
Expense Fund:			
Board Member Stipend	0	0	0
Salaries	39,449	36,583	33,092
Legal Expenses	3,792	0	0
Medical Expenses	0	0	0
Travel Expenses	69	86	221
Administrative Expenses	6,484	14,592	5,948
Furniture and Equipment	0	0	0
Management Fees	273,040	237,983	225,067
Custodial Fees	0	0	0
Consultant Fees	0	0	0
Sub Total	<u>322,834</u>	<u>289,244</u>	<u>264,328</u>
TOTAL DISBURSEMENTS	<u>\$6,161,806</u>	<u>\$5,762,033</u>	<u>\$5,617,886</u>

Reading Retirement System

INVESTMENT INCOME

**FOR THE THREE YEAR PERIOD BEGINNING JANUARY 1, 2002
AND ENDING DECEMBER 31, 2004**

	FOR THE PERIOD ENDING DECEMBER 31,		
	2004	2003	2002
Investment Income Received From:			
Cash	\$451	\$101	\$164
Short Term Investments	0	0	0
Fixed Income	0	0	0
Equities	0	0	0
Pooled or Mutual Funds	<u>2,216,479</u>	<u>1,828,713</u>	<u>1,793,747</u>
Commission Recapture			
TOTAL INVESTMENT INCOME	<u>2,216,930</u>	<u>1,828,814</u>	<u>1,793,911</u>
Plus:			
Realized Gains	4,367,862	1,687,027	80,444
Unrealized Gains	6,128,306	11,098,026	5,782,349
Interest Due and Accrued on Fixed Income Securities - Current Year	<u>0</u>	<u>0</u>	<u>0</u>
Sub Total	<u>10,496,168</u>	<u>12,785,053</u>	<u>5,862,793</u>
Less:			
Paid Accrued Interest on Fixed Income Securities	0	0	0
Realized Loss	0	(150,950)	(1,726,959)
Unrealized Loss	(3,625,352)	(1,195,527)	(10,972,103)
Custodial Fees Paid	0	0	0
Consultant Fees Paid	0	0	0
Management Fees Paid	0	0	0
Board Member Stipend	0	0	0
Interest Due and Accrued on Fixed Income Securities - Prior Year	<u>0</u>	<u>0</u>	<u>0</u>
Sub Total	<u>(3,625,352)</u>	<u>(1,346,477)</u>	<u>(12,699,062)</u>
NET INVESTMENT INCOME	<u>9,087,746</u>	<u>13,267,390</u>	<u>(5,042,358)</u>
Income Required:			
Annuity Savings Fund	89,176	142,878	193,434
Annuity Reserve Fund	168,416	157,935	148,028
Military Service Fund	93	91	126
Expense Fund	<u>322,834</u>	<u>289,242</u>	<u>264,328</u>
TOTAL INCOME REQUIRED	<u>580,519</u>	<u>590,146</u>	<u>605,916</u>
Net Investment Income	<u>9,087,746</u>	<u>13,267,390</u>	<u>(5,042,358)</u>
Less: Total Income Required	<u>580,519</u>	<u>590,146</u>	<u>605,916</u>
EXCESS INCOME TO THE PENSION RESERVE FUND	<u>\$8,507,227</u>	<u>\$12,677,244</u>	<u>(\$5,648,274)</u>

READING RETIREMENT SYSTEM

STATEMENT OF ALLOCATION OF INVESTMENTS OWNED

(percentages by category)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

	MARKET VALUE	PERCENTAGE OF TOTAL ASSETS	PERCENTAGE ALLOWED*
Cash	\$27,005	0.04%	100
Short Term	0	0.00%	100
Fixed Income	0	0.00%	40 - 80
Equities	0	0.00%	40
PRIT Cash Fund	1,214,913	1.67%	
PRIT Core Fund	71,320,423	<u>98.29%</u>	100
GRAND TOTALS	<u>\$72,562,341</u>	<u>100.00%</u>	

For the year ending December 31, **2004**, the rate of return for the investments of the **Reading** Retirement System was 14.43%. For the five-year period ending December 31, **2004**, the rate of return for the investments of the **Reading** Retirement System averaged 4.24%. For the 17-year period ending December 31, **2004**, since PERAC began evaluating the returns of the retirement systems, the rate of return of the investments of the **Reading** Retirement System was 10.69%.

Reading Retirement System

SUPPLEMENTARY INVESTMENT REGULATIONS

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

The **Reading** Retirement System has not submitted any supplementary investment regulations to PERAC.

Reading Retirement System

NOTES TO FINANCIAL STATEMENTS

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

NOTE 1 - THE SYSTEM

The plan is a contributory defined benefit plan covering all **Reading Retirement System** member unit employees deemed eligible by the retirement board, with the exception of school department employees who serve in a teaching capacity. The Teachers' Retirement Board administers the pensions of such school employees.

Instituted in 1937, the System is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws. Membership in the plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees.

The system provides for retirement allowance benefits up to a maximum of 80% of a member's highest three year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65 (for certain hazardous duty and public safety positions, normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension. The average retirement benefit is approximately 75 - 85% pension and 15 - 25% annuity.

Active members contribute either 5, 7, 8, or 9% of their gross regular compensation. Members joining the retirement system after January 1, 1979 must contribute an additional 2% on regular compensation earned at a rate in excess of \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. These deductions are deposited in the Annuity Savings Fund and earn interest at a rate determined by the Executive Director of PERAC according to statute. When a member's retirement becomes effective, his/her deductions and related interest are transferred to the Annuity Reserve Fund. Any cost-of-living adjustment granted between 1981 and 1997 and any increase in other benefits imposed by state law during that period are borne by the state.

The pension portion of any retirement benefit is paid from the Pension Fund of the System. The governmental unit employing the member must annually appropriate and contribute the amount of current year pension payments as indicated on the most recent funding schedule as approved by PERAC's Actuary. Until recently, retirement systems were paying only the actual retirement

Reading Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

benefits that were due each year. Systems had no statutory authorization to put aside any money for the future benefits of employees who are now working. Large unfunded liabilities resulted from operating upon this pay-as-you-go basis. In 1977, legislation authorized local governments to appropriate funds to meet future pension obligations.

In 1983, additional legislation was passed requiring the transfer of investment earnings (in excess of the amount credited to member accounts) into the Pension Reserve Fund. These initiatives have significantly reduced the rate of growth of the retirement systems' unfunded liabilities, and in some systems have actually eliminated such liability.

Administrative expenses are funded through investment income of the system.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent upon several factors including: whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veteran's status, and group classification.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. In addition, depending upon the number of years of creditable service, such employees are entitled to receive either zero (0%) percent, fifty (50%) percent, or one hundred (100%) percent of the regular interest which has accrued upon those deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by the Executive Director of Public Employee Retirement Administration Commission.

The Annuity Savings Fund is the fund in which members' contributions are deposited. Active members contribute either 5, 7, 8, or 9% of their gross regular compensation. Voluntary contributions, redeposits, and transfers to and from other systems, are also accounted for in this fund. Members' contributions to the fund earn interest at a rate determined by PERAC. Interest for some members who withdraw with less than ten years of service is transferred to the Pension Reserve Fund. Upon retirement, members' contributions and interest are transferred to the Annuity Reserve Fund. Dormant account balances must be transferred to the Pension Reserve Fund after a period of ten years of inactivity.

Reading Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

The Annuity Reserve Fund is the fund to which a member's account is transferred upon retirement from the Annuity Savings Fund and Special Military Service Credit Fund. The annuity portion of the retirement allowance is paid from this fund. Interest is credited monthly to this fund at the rate of 3% annually on the previous month's balance.

The Special Military Service Credit Fund contains contributions and interest for members while on a military leave for service in the Armed Forces who will receive creditable service for the period of that leave.

The Expense Fund contains amounts transferred from investment income for the purposes of administering the retirement system.

The Pension Fund contains the amounts appropriated by the governmental units as established by PERAC to pay the pension portion of each retirement allowance.

The Pension Reserve Fund contains amounts appropriated by the governmental units for the purposes of funding future retirement benefits. Any profit or loss realized on the sale or maturity of any investment or on the unrealized gain of a market valued investment as of the valuation date is credited to the Pension Reserve Fund. Additionally, any investment income in excess of the amount required to credit interest to the Annuity Savings Fund, Annuity Reserve Fund, and Special Military Service Credit Fund is credited to this Reserve account.

The Investment Income Account is credited with all income derived from interest and dividends of invested funds. At year-end the interest credited to the Annuity Savings Fund, Annuity Reserve Fund, Expense Fund, and Special Military Service Credit Fund is distributed from this account and the remaining balance is transferred to the Pension Reserve Fund.

Reading Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

NOTE 3 - SUPPLEMENTARY MEMBERSHIP REGULATIONS

The **Reading** Retirement System submitted the following supplementary membership regulations, which were approved by PERAC on:

March 24, 2000

Membership

Anyone employed by the Town of Reading or the Reading Housing Authority on or after July 1, 1991, as a part time, provisional, part-time temporary, temporary provisional, seasonal, intermittent employee or who works less than 52 weeks a year shall not be eligible to join the Reading Retirement System. However, an employee whose combined total service equals or exceeds 35 hours per week shall be eligible for membership.

March 24, 2000

Creditable Service

Members who work less than 20 hours per week shall receive creditable service pro-rated based upon the hours of the full time position and the actual service rendered. Members working 20 or more hours per week will receive 1 full year of creditable service for each year employed. A parttime employee who later takes a full time position shall have the part-time service prorated according to the following schedule:

Hours per week:	Creditable Service:
20-22	7 months
23-25	8 months
26-28	9 months
29-31	10 months
32-34	11 months
35+	12 months

Buy Back

A buy back of prior non-membership service of less than six consecutive months which was part time, provisional, temporary, temporary provisional, seasonal or intermittent and was not immediately followed by membership service, will not be allowed. The terms of the purchase or buy back of prior service or military service shall be in a lump sum payment at the time of application or installment payments over a period of years, not to exceed five years. In the instance where a person takes a refund and is then re-employed by the Town within one year and wishes to buyback prior service, the installment payment period shall not exceed one year. The Retirement Board shall determine the minimum installment payment amount allowed.

Reading Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

April 19, 2000

Buyback

The Retirement Board will not allow members to buy back previous employment with the Town of Reading on or after July 1, 1991, when the Town was required to withhold and match Social Security deductions. By allowing buybacks the Board would be requiring the Town to fund two retirements for the same period of employment. If, however, the employee had not contributed to Social Security, but opted for the ICMA deferral instead, the employee will be allowed to buy back time, as the Town does not match those deductions. (Regulation approved April 19, 2000 and previously approved by the Commission's predecessor agency on March 7, 1996.)

June 19, 2003

Military Service Buyback

All eligible members must determine within 180 days of notification by the Reading Retirement Board whether or not to purchase their military service as creditable service. If choosing to purchase this military service, the member has the option of paying for this purchase at any time from the completion of his/her first year of membership until reaching his/her 10th year of membership. If the member has not begun the payback by his/her 10th year as a member, then he/she must begin payroll deductions, make a lump sum payment, or notify the Reading Retirement Board, in writing, of his/her decision to opt out of the program.

August 17, 2004

Anyone employed by the Town of Reading or the Reading Housing Authority, whose combined total service equals or exceeds 1,690 hours per year shall be enrolled in the Reading Retirement System.

Reading Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

NOTE 4 - ADMINISTRATION OF THE SYSTEM

The System is administered by a five person Board of Retirement consisting of the City Comptroller who shall be a member ex officio, a second member appointed by the governing authority, a third and fourth member who shall be elected by the members in or retired from the service of such system, and a fifth member appointed by the other four board members.

Ex officio Member: Richard P. Foley

Appointed Member: Elizabeth W. Klepeis Term Expires: 12/31/2005

Elected Member: Francis P. Driscoll Term Expires: 03/31/2008

Elected Member: Joseph R. Veno Term Expires: 3/31/2007

Appointed Member: Daniel B. Seferian Term Expires: N/A

The Board members are required to meet at least once a month. The Board must keep a record of all of its proceedings. The Board must annually submit to the appropriate authority an estimate of the expenses of administration and cost of operation of the system. The board must annually file a financial statement of condition for the system with the Executive Director of PERAC.

The investment of the system's funds is the responsibility of the Board. All retirement allowances must be approved by the Retirement Board and are then submitted to the PERAC Actuary for verification prior to payment. All expenses incurred by the System must be approved by at least two members of the Board.

The following retirement board members and employees are bonded by an authorized agent representing a company licensed to do business in Massachusetts as follows:

Treasurer - Custodian:)	
Ex officio Member:)	\$500,000 Fiduciary and Crime Bond
Elected Member:)	National Grange Mutual Insurance Co.
Appointed Member:)	
Staff Employee:)	

Reading Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

NOTE 5 - ACTUARIAL VALUATION AND ASSUMPTIONS

The most recent actuarial valuation of the System was prepared by **The Segal Group, Inc.** as of **July 1, 2003**.

The actuarial liability for active members was	\$44,246,636
The actuarial liability for vested terminated members was	689,072
The actuarial liability for retired members was	<u>46,365,812</u>
The total actuarial liability was	91,301,520
System assets as of that date were	<u>62,896,650</u>
The unfunded actuarial liability was	<u>\$28,404,870</u>
 The ratio of system's assets to total actuarial liability was	 68.9%
As of that date the total covered employee payroll was	\$16,734,364

The normal cost for employees on that date was 7.94% of payroll

The normal cost for the employer was 5.96% of payroll

The principal actuarial assumptions used in the valuation are as follows:

Investment Return: 8.00% per annum

Rate of Salary Increase: 6.00% per annum

GASB STATEMENT NO. 25, DISCLOSURE INFORMATION AS OF JANUARY 1, 2003

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Cov. Payroll ((b-a)/c)
7/1/2003	\$ 62,896,850	\$ 91,301,520	\$ 28,404,670	68.9%	\$16,734,364	169.7%
7/1/2002	\$ 60,896,650	\$ 86,888,108	\$ 25,991,458	70.1%	\$16,854,968	154.2%
7/1/2001	\$ 58,286,200	\$ 82,550,300	\$ 24,264,100	70.6%	\$16,129,200	150.4%
7/1/2000	\$ 54,075,600	\$ 78,486,300	\$ 24,410,700	68.9%	\$15,797,700	154.5%
7/1/1999	\$ 48,158,300	\$ 74,903,600	\$ 26,745,300	64.3%	\$15,117,500	176.9%

Reading Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

NOTE 6 - MEMBERSHIP EXHIBIT

Retirement in Past Years	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Superannuation	8	13	18	14	18	15	7	12	14	9
Ordinary Disability	0	1	0	0	0	0	0	0	0	0
Accidental Disability	4	0	0	1	0	0	0	0	3	1
Total Retirements	12	14	18	15	18	15	7	12	17	10
 Total Retirees, Beneficiaries and Survivors	 297	 293	 305	 313	 319	 324	 319	 323	 326	 326
 Total Active Members	 396	 389	 378	 378	 374	 369	 379	 363	 360	 351
Pension Payments										
Superannuation	\$1,497,284	\$1,593,313	\$1,758,723	\$1,983,923	\$2,199,734	\$2,337,652	\$2,448,977	\$2,847,111	\$2,972,840	\$3,171,158
Survivor/Beneficiary Payments	42,934	42,934	42,304	41,507	36,996	33,763	108,547	33,763	33,763	36,815
Ordinary Disability	54,492	60,062	84,677	84,668	70,133	61,273	35,081	55,460	55,460	55,460
Accidental Disability	729,415	762,001	760,185	767,492	780,573	793,807	768,870	728,389	731,798	773,620
Other	<u>458,820</u>	<u>471,938</u>	<u>492,143</u>	<u>512,027</u>	<u>541,063</u>	<u>643,920</u>	<u>719,261</u>	<u>753,193</u>	<u>839,894</u>	<u>914,414</u>
Total Payments for Year	<u>\$2,782,945</u>	<u>\$2,930,248</u>	<u>\$3,138,032</u>	<u>\$3,389,617</u>	<u>\$3,628,499</u>	<u>\$3,870,415</u>	<u>\$4,080,736</u>	<u>\$4,417,916</u>	<u>\$4,633,755</u>	<u>\$4,951,467</u>

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